



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

m/45/019

Michael O. Leavitt
Governor

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April 1, 2002

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 3915

Keith W. Moeller
Clifton Mining Company
70 West Canyon Crest Road, #D
Alpine, Utah 84004

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 3908

Jennie Weible
IMM - Dworkin Holdings, Ltd.
23205 Mercantile Road
Beachwood, Ohio 44122

Re: Surety Bond Release, Certificates of Deposit Nos. 327-508-3729 and 1502362,
Yellowhammer Mine & Kiewit Exploration Project, M/045/019 and E/045/052, Tooele
County, Utah

Dear Mr. Moeller and Ms. Weible:

The Division of Oil, Gas and Mining (DOGM) has determined that the reclamation obligations at the above-described operations has been partially completed, and therefore, DOGM is in the process of considering a surety release request from your respective companies. As you know, your respective companies each claim an interest in the \$28,100 (total for both projects) in surety funds held for the benefit of DOGM as mine reclamation surety pursuant to state law.

Because each of your companies claim an interest in the surety funds, DOGM currently anticipates submitting the disputed funds in Utah District Court and filing an interpleader suit.

"An action in interpleader is a proceeding in equity in which a person who has possession of money or property which may be

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owned or claimed by others seeks to rid himself of risk of liability, or possible multiple liability, by disclaiming his interest and submitting the matter of ownership for adjudication by the court.”

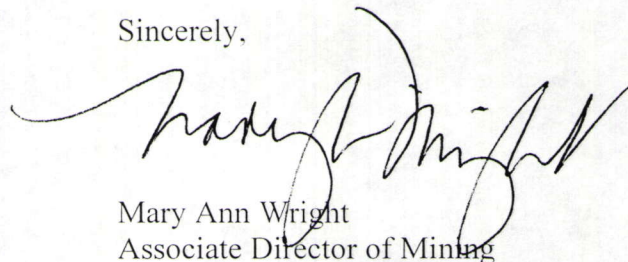
See pg. 8 of *Terry Sales, Inc. v. Vander Veur*, 618 P.2d 29 (Utah 1980).

“The function of an interpleader is to compel conflicting complainants to litigate claims among themselves.” See *Maycock v. Continental Life Insurance Company*, 9 P.2d 1979 (Utah 1932). In a pure interpleader suit, the DOGM would not make any claim to the undisputed funds and leave it to your respective companies, and your attorneys, to battle it out in court for an award of the funds in question.

DOGM would like to point out that your respective companies have additional reclamation surety obligations, which could be satisfied, in whole or in part, by the funds in question. Instead of engaging in extensive litigation over these funds, DOGM suggests your companies consider agreeing to apportion the funds and apply each share to your companies’ continuing reclamation obligations. DOGM understands the difficulty your respective companies may have in apportioning funds you each firmly believe belong to it. DOGM would be happy to help facilitate your companies apportioning the disputed funds between yourselves and thereby avoid protracted litigation.

Please contact me within two (2) weeks of the date of this letter if you would like to pursue voluntarily apportioning the costs between yourselves and applying the apportioned funds to your existing mine reclamation surety obligations. If either of your companies are unable to pursue this non-litigational alternative, please contact me as soon as possible so our attorney can commence the interpleader process.

Sincerely,



Mary Ann Wright
Associate Director of Mining

jb
cc: Kurt E. Seel, Assistant Attorney General
Wayne Hedberg, DOGM
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